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CHAIR
NATURAL RESOURCES AND WATER COMMITTEE



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GOVERNMENT MODERNIZATION,
EFFICIENCY & ACCOUNTABILITY
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PERCHLORATE CONTAMINATION

JOINT COMMITTEE:

JOINT COMMITTEE ON THE ARTS

FACT SHEET

SB 840 (KUEHL)

The California Health Insurance Reliability Act

Affordable Health Insurance for All Californians

June 9, 2006

SB 840 (Kuehl), the California Health Insurance Reliability Act, (CHIRA), would provide fiscally sound, affordable health insurance coverage to all Californians, provide every Californian the right to choose his or her own physician and control health cost inflation.

Reliable Coverage: Eligibility is based on residency, instead of on employment or income. Under CHIRA, all residents are covered. No California resident will ever again lose his or her health insurance because of unaffordable insurance premiums, or because he or she changes or loses a job, or goes to or graduates from college or has a pre-existing medical condition.

Affordable: The plan involves **NO NEW SPENDING** on health care. The system will be paid for by federal, state and county monies already being spent on health care and by affordable insurance premiums that replace all premiums, deductibles, out-of-pocket payments and co-pays now paid by employers and consumers.

Efficient: CHIRA eliminates waste by consolidating the functions of many insurance companies into one comprehensive insurance plan, saving the state and consumers billions of dollars each year. Currently it's estimated that half of every dollar spent on health care is squandered on clinical and administrative waste, insurance company profits, and overpriced pharmaceuticals. CHIRA is based on a model that has been

estimated to save California about \$20 billion through reduced administrative costs in the first year alone.

Under CHIRA, California will use its huge purchasing power to buy prescription drugs and durable medical equipment in bulk. CHIRA is the sole health reform that enables California to use its full purchasing power to negotiate the deepest savings. It has been estimated that this model of systemwide bulk purchasing could save California \$5.2 billion in the first year.

Most importantly, CHIRA will make our health care system more reliable and secure by stabilizing the growth in health spending; linking spending increases to state GDP and population growth, employment rates and other relevant demographic indicators. CHIRA will combine needed cost controls with medical standards that use the best available medical science, and place an emphasis on preventative and primary care to improve California's overall health in a way that also saves billions of dollars.

High Quality: Under CHIRA, consumers have total freedom to choose their personal primary care provider. Health care providers and facilities will receive fair reimbursement for all covered services they provide.

CHIRA utilizes proven financial incentives that support the delivery of high quality care, including bonuses for providers working in rural or under-served areas. The plan invests in needed health care infrastructure such as electronic claims and reimbursement systems and statewide medical databases that improve health care quality.

Benefits: Coverage includes all care prescribed by a patient's health care provider that meets accepted standards of care and practice.

Specifically, coverage includes hospital, medical, surgical, and mental health; dental and vision care; prescription drugs and medical equipment, such as hearing aids; emergency care including ambulance; skilled nursing care after hospitalization; substance abuse recovery programs; health education and translation services, including services for those with hearing and vision impairments; transportation needed to access covered services, diagnostic testing; and hospice care.

CHIRA offers California a broad and clear vision for a remodeled health care system that will provide high quality, affordable and reliable health care for all residents. I urge you to support the California Health Insurance Reliability Act of 2005.

For more information contact Sara Rogers or Mia Orr in the Capitol office at (916) 651-4023, or Emily Gold in the District Office at (310)441-9084.